



COMMON ISSUES IN MANAGING YOUR GRANT

GUIDE TO GRANTS

PUBLIC SAFETY OFFICE

CRIMINAL JUSTICE DIVISION & HOMELAND SECURITY GRANTS DIVISION

SEP.



2018

Office of the Governor

Contents



Organization of this guide. The Guide to Grants is organized along the grant lifecycle. To use this guide, click on the page number for the topic you are interested in and then use the navigation buttons at the bottom of the screen to return to the Table of Contents or move forward or backward in the guide.

The guide as a pointer system. This guide does not provide every rule or policy that governs your grant. It is meant to provide information about the most common issues and to point you to other source documentation that will allow you to develop a deeper understanding.

Links not working? From Adobe Acrobat, select Edit, Preferences, Trust Manager, and adjust your setting to allow Acrobat to reach Internet sites or adjust your custom settings to allow the blocked sites.

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1. Award

Contacting Public Safety Office Divisions

- **Grant Divisions.** There are two grant-making divisions within the Office of the Governor's Public Safety Office (PSO) that this Guide applies to: the Criminal Justice Division (CJD) and the Homeland Security Grants Division (HSGD).
- **Primary contact.** Each grant has a staff member who is assigned as the grant manager. This person is responsible for oversight of your grant project and can help you with your questions and other needs. We recommend that you contact your Grant Manager directly by clicking on the Grant Managers name in egrants under the My.Home tab. This action will automatically create an email in Outlook for your Grant Manager.
- **General contact information.** You can contact us in a variety of ways:

Contact Information	
PSO Main telephone line	(512) 463-1919
Mailing address	Post Office Box 12428, Austin, TX 78711
Physical address	1100 San Jacinto Blvd., Austin, TX 78701
eGrants Help Desk	eGrants@gov.texas.gov

References

[eGrants Financial Management Guide](#)

Tools

To learn who your grant manager is for each grant, go to eGrants and select the "My.Home" tab for contact information.

Getting started

- **Announcement.** All three grant officials—the authorized official, the project director, and the financial officer—will receive an email announcing the award.
- **Acceptance.** The authorized official must accept the award. Only after acceptance can you begin activities and draw funds or take other actions in eGrants. This action must take place within 45 days of award. We recommend reading all award documents prior to accepting the grant.
- **Commencing activities.** Grant projects should be fully operational within 60 days from the start date of the grant award. If you cannot do so, notify your grant manager. If the project is still not operational within 90 days without sufficient reason, CJD or HSGD can terminate the grant award.
- **Obligating funds.** Once you receive an award and accept it, you may begin obligating funds on your project start date, but not before. We cannot reimburse expenses obligated before the start date.



References

- [1 TAC §3.11, Grant and Supplemental Award Acceptance](#)
- [1 TAC §3.2503, Obligating Funds](#)



Tools

To review official grant documents and accept the grant, go to the “Accept Award” tab in eGrants to accept or decline the award

Conditions of funding

- **Standard conditions.** General grant conditions applicable to any award are included within the Standard Conditions and Responsibilities Memo attached to the award.
- **Federal fund-specific conditions.** Federal funds often come with additional conditions that must be passed down to subrecipients. These conditions will also be attached to the award.
- **Special conditions.** CJD or HSGD may also place special conditions on your grant award prior to or during the project period beyond those in the Standard Conditions. They are listed in the statement of grant award. These conditions may come with payment hold. See next slide for various types of payment holds.
- **Risk-based conditions.** When CJD or HSGD finds that a risk exists because a grantee has not submitted required information or has not complied with any applicable statute, rule, regulation, guideline, or requirement, we may place a condition of funding on the grant, which may include a hold on funds.
- **Non-profit bonds.** Each nonprofit corporation receiving funds must obtain and have on-file a blanket fidelity bond that indemnifies CJD or HSGD against the loss and theft of the entire amount of grant funds, including match. The cost of the bond is an eligible expense of the grant.



References

[1 TAC §3.2001, Conditions of Funding](#)

[1 TAC §3.2515, Bonding](#)



Payment holds

CJD or HSGD may temporarily withhold payments if a sub-grantee fails to comply with any term or condition of an award or when additional project information is needed.

Types of holds:

- **Budget line-item (BLI) hold** – May be placed on a single budget line item within a grant when additional information is needed or certain requirements must be met before reimbursement can be made on the line item. Budget line-item holds are commonly placed pending submission of a Training Approval Review, Procurement Questionnaire, Environmental Planning and Historical Preservation Review, Interoperability Standards SWIC Review, or an indirect cost rate letter.
- **Fund hold** – A fund hold may be placed on an individual grant award when additional information is needed or certain requirements must be met before ANY reimbursement can be made under the grant. Fund holds are commonly placed on a grant for an expired SAM registration, an outdated authorizing resolution, or High Risk Designation.
- **Vendor hold** – A vendor hold withholds all funds from OOG to the grantee agency, regardless of the fund source. Vendor holds are commonly placed on an agency for delinquent progress reports, delinquent required FSRs, missing single audits, unresolved monitoring findings, and other serious infractions as determined by the Public Safety Office.

References

[eGrants Financial Management Guide](#)

Rules and guidance

Rules

Following are rules that may apply to your grant. In the event that any of these rules conflict, the more restrictive rule applies:

- **Applicable to all grants:**
 - **Texas Administrative Code (TAC).** The TAC includes regulations issued by the State of Texas. Title I, Part I, Chapter 3 of the TAC specifically applies to CJD. HSGD has adopted these rules by reference.
 - **Uniform Grant Management Standards (UGMS).** The Texas State Comptroller's Office issues UGMS. It applies to all grants, funded with state funds, issued by state agencies.
- **Applicable to grants from a federal fund source:**
 - **Uniform Administrative Requirements, Cost Principles, and Audit Requirements.** Found in the Code of Federal Regulations, these rules were issued by the White House Office of Management and Budget. CJD and HSGD adopt these rules for all federally funded grants. Throughout the Guide to Grants, these rules are referred to as 2 CFR 200.

Guidance

In addition to the rules, there are other guides that may prove useful in managing your grants:

- **eGrants Financial Management Guide.** This guide will assist you in using eGrants to manage your grants funding.
- **DOJ Financial Guide.** Issued by the Office of Justice Programs, US Department of Justice. This guide is applicable to CJD grantees receiving federal pass-through funds originating from the US Department of Justice and offers more in-depth information on common issues in grants and financial management.
- **FEMA Information Bulletins and Policies.** The US Department of Homeland Security's Federal Emergency Management Agency (FEMA) has issued numerous information bulletins and policy statements related to common grant issues. These bulletins and policies are applicable to HSGD grantees receiving federal pass-through funds originating from FEMA.

References

[Texas Administrative Code](#)
[UGMS](#)
[2 CFR 200](#)
[eGrants Financial Management Guide](#)
[DOJ Grants Financial Guide](#)
[FEMA Information Bulletins](#)
[FEMA Policies](#)

Grant officials: roles

Each grant must have a project director, financial officer, and authorized official. No person can serve in more than one of these roles.

The **Authorized Official (AO)** is usually a county judge, mayor, city manager, chairman of a non-profit board, head of a state agency, executive director, etc. They are authorized by the governing body of the organization to:

- apply for, accept, reject, alter, or terminate the grant; and
- certify changes made to applications or grants.

The **Project Director (PD)** must be an employee of the grantee agency. They are responsible for:

- the day-to-day operations of the project; and
- required programmatic reporting.

The **Financial Official (FO)** must be the chief financial officer (or his or her designee), Auditor or Treasurer of the Board for the grantee agency. This person must be either an employee or a Board member. They are responsible for:

- maintaining financial records to account for all grant expenditures and funds;
- requesting payments; and
- completing all required financial reporting at least quarterly.

The **Grant Writer (GW)** is responsible for:

- Creating an application.

References

[1 TAC §3.2501, Grant Officials](#)

Grant officials: eGrants

Authority in eGrants	AO	FO	PD	GW
Create, modify, and submit an initial application	✓	✓	✓	✓
Certify an official application	✓			
Create and submit responses to application Preliminary Review Reports (PRR).	✓	✓	✓	
Create and submit budget and programmatic adjustments	✓	✓	✓	
Certify budget adjustments that increase the overall award or result in a grant extension	✓			
Certify budget adjustments to modify an existing budget with no overall award increase	✓	✓		
Certify programmatic adjustments	✓	✓	✓	
Create and submit financial reports/payment requests	✓	✓		
Designate a new individual to serve as the Financial Officer (FO), Project Director (PD) or grant writer (after the new individual has registered in eGrants).	✓			
Designate a new or interim AO if the position becomes vacant (after the new AO has registered in eGrants).		✓		

References

[1 TAC §3.2501, Grant Officials](#)

[eGrants Financial Management Guide](#)

2. Report

Financial reports and payments

- **Quarterly Requirement.** Every quarter you must submit a Financial Status Report (FSR). This action meets both your quarterly reporting requirement AND triggers a payment to you.
- **Monthly Option.** You may submit an FSR as frequently as once each month if your organization prefers more frequent payments.
- **Contents.** An FSR reflects the cumulative OOG, match, and program income expenditures from the start date of the grant through the period being reported. All expenditures must be supported by an approved budget line item in eGrants.
- **Method.** To submit an FSR see the eGrants Financial Management Guide or the FSR Instructional Video for detailed instructions.
- **Delinquent reports.** If you do not submit quarterly FSRs on time, your entire agency will be placed on vendor hold, meaning that no payments from the Governor's Office will be made until the report is submitted.
- **10% Rule.** In certain budget categories you may report expenditures in excess of the budgeted amount, as long as you do not exceed 10% of the OOG budgeted amount – this is called the 10% Rule. Note: This rule does not apply to the Equipment or Indirect Cost budget categories; any changes to items in these budget categories must be approved through a budget adjustment prior to requesting reimbursement.

Quarter	FSR Due
January 1-March 31	April 22
April 1-June 30	July 22
July 1-September 30	October 22
October 1-December 31	January 22

References

[1 TAC §3.2507, Financial Status Reports](#)

[2 CFR §200.327, Financial reporting](#)

[UGMS, Part III, Subpart C, .41 Financial Reporting](#)

[eGrants Financial Management Guide](#)

[FSR Instructional Video](#)

Tools

To submit an FSR, go to [eGrants](#) and from the My Home tab click on the grant record, then choose the Budget tab and click on the Financial Status Report sub tab.

Programmatic reporting

- **Requirement.** Grantees must report their progress in meeting the goals, objectives, and measures of their grant. (1 TAC §3.2527)
- **Method.** Grantees will receive instructions on reporting requirements after a grant award is accepted.
- **Frequency.** The number of reports and the due dates depend on the funding source for your grant. See the table below.

References

[1 TAC §3.2527, Grantee Reports](#)

[UGMS, Part III, Subpart C, 40. Monitoring and reporting program performance](#)

[2 CFR §200.328\(a\), Monitoring and reporting program performance](#)

[2 CFR §200.331\(d\), Requirements for pass-through agencies](#)

Funding Source	Report 1 Due Date	Report 2 Due Date	Report 3 Due Date	Report 4 Due Date
Violence Against Women Act VAWA (WF), Sexual Assault Services (KF)	Jan. 20	Oct 20	None	None
Juvenile Justice & Delinquency Prevention Act (JA), Fund 421 (SF), Drug Courts (DC), County Essentials (CE), Coverdell (CD), Homeland Security Grant Program (HS), Nonprofit Security Grant Program (NP), Local Border Security Program (BL), Border Prosecution Program (BP), & Military Cameras and Helicopter Operations (MC/MH)	Mar. 20	Sep. 20	None	None
Crime Stoppers, Byrne Justice Assistance Grant (DJ) or (DZ), Residential Substance Abuse Treatment (RT), and Victims of Crime Act (VA) or (VZ)	Jan. 20	Apr. 20	Jul. 20	Oct. 20

System for Award Management

The vast majority of grant programs require a SAM registration:

- **Federal funds.** All awards that come from federal sources must maintain a SAM registration throughout the life of the grant. No payments can be made to grantees under federal sources without a valid registration.
- **State funds.** Most awards that come from state sources must have a SAM registration at the time of application, which must be valid at the time of award.
- **Guidance.** The requirement for SAM is included in the Request for Applications for each program or funding source.
- **Updates.** If the grantee updates the SAM expiration date on the federal site for any grant funded through a federal funding source, they must submit a grant adjustment request through eGrants to update the SAM expiration date. Instructions for updating the SAM expiration date can be found in the eGrants Financial Management Guide.



Tools

[System for Award Management \(SAM\)](#)

3. Manage

Financial management

A grantee's internal financial management system and practices, including documentation, must:

- **Identify awards.** The system must identify, in its accounts, all grant awards received and expended as well as the source and application of funds for grant-funded activities. These records must contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.
- **Report.** The system must be sufficient to provide for accurate, current, and complete disclosure of the grant's financial results, prepare required financial status reports, and trace funds to a level of expenditures adequate to establish that the funds have been used according to the rules and requirements of the grant.
- **Exercise controls.** The system must enforce effective control over, and accountability for, all funds, property, and other assets. It must also adequately safeguard all assets and assure that they are used solely for authorized purposes.
- **Manage budget.** The system must provide for comparison of expenditures with budget amounts for each grant and include written procedures for determining the allowability of costs.

References

[2 CFR §200.302, Financial management](#)

[2 CFR §200.303, Internal controls](#)

[UGMS, Part III, Subpart B, .13 Determination of Financial Management System Adequacy](#)

[DOJ Grants Financial Guide, 2.3 Standards for Financial management Systems](#)

Unallowable costs

The Request for Applications for each grant program may set out additional unallowable costs. However, there are some costs that are never allowed:

- Supplanting or the use of grant funds to replace any other existing federal, state or local funds
- Inherently religious activities such as prayer, worship, religious instruction, or proselytization
- Promotional gifts
- Any salary or compensation for an elected or appointed city, county, or state government official
- Land acquisition
- Bad debts
- Contributions or donations
- General government expenses
- Idle facilities
- Contingency line items
- Goods or services for personal use
- Mortgage payments
- Compensation for federal personnel
- CJD or HSGD prohibited equipment
- Lobbying
- Fundraising
- Corporate formation
- Entertainment
- Fines and penalties
- Credit card fees
- Passport charges
- Tips
- Alcoholic beverages and related costs
- Advertising, except for hiring and contracting (does not include information sharing and promotion critical to program implementation)
- Prepaid credit, debit, or store cards
- Membership dues for individuals
- Vehicles or equipment for government agencies that are for general agency use
- Costs incurred outside the project period, unless approved by CJD or HSGD

References

[DOJ Grants Financial Guide, 3.11 Unallowable Costs](#)

[UGMS, Part II, Attachment B, Selected Items of Cost](#)

[2 CFR 200, Subpart E, General Provisions for Selected Items of Cost](#)

[CJD Prohibited and Controlled Equipment \(BJA\)](#)

[FEMA IB 426 Guidance to Subrecipients of FEAM Regarding...Access to Life-Saving Equipment and Resources](#)

Matching contributions

Required match. If CJD or HSGD requires matching funds on a grant, the grantee must ensure that it possesses or can acquire the required matching funds. A third-party (i.e. contractor or participating entity/partner) may contribute toward the matching funds requirement but the applicant bears the responsibility for satisfying the matching funds requirement.

Cash match expenditures. Actual non-OOG cash spent by the grantee agency on eligible items included within the approved eGrants budget.

In-kind contributions. If a program allows for in-kind contributions, the fair market value of goods and services must be documented and supported by the same methods otherwise used to support reimbursed costs or cash-match. In-kind contributions must be donated to the grantee by a third party. Volunteer time on grant-related activities may be used as in-kind match, but rates must be consistent with those paid by the grantee for similar work and may not be provided by paid employees or board members of the grantee.

Applicable rules and policies. Matching funds are part of the overall total project budget and are considered grant funds. As a result, all rules and policies that apply to the CJD or HSGD award amount also apply to the matching funds. Match contributions may only be used for eligible, approved budget items that are necessary and reasonable to accomplish project or program objectives. These policies apply to both the required match and any voluntary overmatch.

References

[1 TAC §3.73, Matching Funds Policy](#)

[2 CFR §200.306, Cost Sharing or Matching](#)

[UGMS, Part III, Subpart C, .24, Matching or cost sharing.](#)

Personnel costs

Salary level. Compensation for grant-funded employees must be comparable to that of non grant-funded employees performing similar work duties.

Leave payouts. Grantees may use grant funds to compensate staff members leaving employment for accrued leave (which includes, but is not limited to, annual leave, compensatory time, and sick leave) in accordance with the grantee's policy. These payments may only fund leave earned during the current grant period. The proportion of grant funds paid for leave cannot exceed the proportion of grant funds used to pay the staff member's salary (if the employee is paid from CJD or HSGD funds at 50% of full time, then the grant can only provide 50% of the leave payout).

Unallowable cost. CJD or HSGD will not pay any portion of the salary of, or any other compensation for, an elected or appointed city, county, or state government official.

Overtime. Overtime is allowable to the extent that it is included in the approved budget, the grantee agency has an overtime policy approved by its governing body, and both grant-paid and non-grant paid personnel are treated the same with regards to the application of overtime policies. In no case is dual compensation allowable. That is, an employee of a grantee agency may not receive compensation for hours worked (including paid leave) from his/her agency AND from an award for a single period of time, even though such work may benefit both activities. CJD or HSGD will only reimburse the grantee for overtime that does not exceed a total of 16-hours worked (regular plus overtime) during any 24-hour period. Overtime payments issued outside of these guidelines are the responsibility of the subrecipient agency.

References

[1 TAC §3.75, Personnel](#)

[2 CFR § 200.430, Compensation—Personal Services](#)

[UGMS, Part II, Attachment B, 11. Compensation for personnel services](#)

[DOJ Grants Financial Guide, 3.9 Allowable Costs](#)

Tools

When reporting Overtime expenses for an HSGD grant on an FSR you must complete and upload a [Personnel Overtime Summary Form](#) for each overtime line item. (Under “Forms”)

Time and effort documentation

Determination of costs. Personnel costs must be based on records that accurately reflect the work performed and comply with the established policies and practices of the organization.

Internal controls. Charges must be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable and properly allocated.

100% on a single grant. Employees working solely (100% of their time) on a single grant must periodically certify that the employee worked solely on that grant project. Note: Per the Fair Labor Standards Act (FLSA) nonexempt employees must also maintain time sheets indicating the total number of hours worked each day. If the agency excludes 100% funded exempt employees from completing a timesheet, written policies and procedures that ensure the employee works solely on the single cost objective should be in place.

Less than 100% on a single grant. Any employee who is only partially grant funded (i.e. works on more than one grant, a grant and non-grant activity, an indirect cost activity and a direct cost activity, two or more indirect activities which are allocated using different allocation bases, or an unallowable activity and a direct or indirect grant activity) must keep activity reports in addition to time sheets. (See “OOG Grantee Personnel Activity Report Requirements.”) These reports should be developed at least monthly.

Documentation. All time and activity reports must be signed by the employee and a supervisory official having firsthand knowledge of the work performed and the documentation must be incorporated into grantee’s official records.

References

[OOG Grantee Personnel Activity Report Requirements](#)

[1 TAC §3.75, Personnel](#)

[2 CFR § 200.430, Compensation—Personal Services](#)

[UGMS, Part II, Attachment B, 11. Compensation for personnel services](#)

Tools

[Sample time and activity report](#)
(Under monitoring tools)

[Sample employee effort certification](#)
(Under monitoring tools)

Contracts and procurement

Contract management. Grantees must establish a contract administration system to consistently ensure that contract deliverables are being provided as specified in the contracts.

Contract monitoring. Part of contract administration includes contract monitoring. The general premise of contract monitoring is how you ensure that you get what you are paying for. A monitoring plan should include who will perform the monitoring, what will be monitored, the frequency of monitoring, documentation that will be maintained to prove monitoring was conducted, and the location of the documentation. The plan may provide general statements that contract monitoring will be conducted and that checklists or specific monitoring requirements will be developed for each contract. When this type of monitoring plan is developed, the plan should include an example of each checklist that will be used. Please note that monitoring is more than confirming the invoice is correct.

Procurement. Grantees must use established procurement policies that are in line with state and federal laws and regulations.

Larger procurements. A grantee must submit an OOG-prescribed Procurement Questionnaire prior to obligating funds when any procurement from a single vendor is expected to exceed \$150,000 or upon request. CJD or HSGD may also request all related procurement documentation, such as requests for proposals, invitations for bids, or independent cost estimates. Grantees may not divide purchases or contracts to avoid the requirements of this section. For purposes of determining compliance, CJD and HSGD will consider groups of contracts with a single vendor or groups of purchases for the same or similar items as a single procurement.

References

[1 TAC §3.77, Professional and Contractual Services](#)

[1 TAC §3.2013, Pre-Approval Requirements for Procurement](#)

[2 CFR 200, Subpart D, Post Award Requirements, Procurement Standards](#)

[DOJ Grants Financial Guide, 3.9 Allowable Costs](#)

Tools

The procurement questionnaire can be found in eGrants by going to the eGrants home page > Updates > Forms

Equipment

Definition. Tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit cost of \$5,000 or more, or less if the grantee chooses to capitalize items costing less.

State-Controlled Assets. The following items valued between \$500.00 and \$4,999.99 are designated by the Texas Comptroller as controlled assets within the State Property Accounting guidance and must be maintained within the grantee's inventory records: sound systems and other audio equipment; cameras; TVs; video players/recorders; desktop or laptop computers; data projectors; and smartphones, tablets and other hand held devices. CJD and HSGD have also designated mobile and portable radios as a controlled asset.

Use. Equipment must be used by the grantee in the program or project for which it was acquired as long as needed, whether or not the program or project continues to be supported by grant funds. After the program has closed, and when the equipment is no longer needed for the original program or project:

- **Federal Funds.** The equipment may be used in other activities under a Federal award from the Federal awarding agency which funded the original program or project.
- **State Funds.** The equipment may be used in other activities under a State award from the Governor's Office.

References

[1 TAC §3.2509, Equipment Inventory Reports](#)

[1 TAC §3.81, Equipment](#)

[2 CFR §200.33, Equipment](#)

[§200.439, Equipment and other capital expenditures](#)

[2 CFR §200.313, Equipment](#)

[UGMS, Part II, Attachment B, 20. Equipment and other capital expenditures](#)

[UGMS, Part III, Subpart C .32 Equipment](#)

[State Comptroller's Controlled Assets List](#)

[DOJ Grants Financial Guide, 3.9 Allowable Costs](#)

Equipment

Inventory. CJD and HSGD require each grantee to maintain on file a current inventory report with property records for all equipment and state controlled assets (as defined above), and items capitalized by the grantee, purchased with grant funds during the grant period. The following elements must be included within the property records: description of the property; serial number or other ID number; source of funding including the OOG-issued grant number and the Federal Award Identification Number (FAIN), if applicable; who holds title; acquisition date; cost of property; percentage of the property's cost paid with grant funds; location; use and condition; and disposition data, including the date of disposal and sale price (or fair market value if item is not sold).

Physical Inventory. A physical inventory of the property must be taken and the results reconciled with the property records as least once every two years.

Control System and Maintenance. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. Adequate maintenance procedures must be developed to keep the property in good condition.

Disposition. When equipment acquired under an award is no longer needed for the original project or program or for other activities supported by the federal* awarding agency (or for state funds from the OOG), the grantee may need to request disposition instructions from the OOG. Items with a current per unit fair market value of \$5,000 or less may be retained, sold, or otherwise disposed of with no further obligation to the Federal awarding agency or OOG. Please use the [Equipment Disposition Request](#) form to determine whether additional actions are required for items with a current per unit fair market value above \$5,000.

*For equipment funded under a state award, when the equipment acquired with state funds is no longer needed for the original project or for other activities supported by an award from the OOG, the grantee may need to request disposition instructions.

References

[1 TAC §3.2509, Equipment Inventory Reports](#)

[1 TAC §3.81, Equipment](#)

[2 CFR §200.33, Equipment](#)

[2 CFR §200.439, Equipment and other capital expenditures](#)

[2 CFR §200.313, Equipment](#)

[UGMS, Part II, Attachment B, 20. Equipment and other capital expenditures](#)

[UGMS, Part III, Subpart C .32 Equipment](#)

[State Comptroller's Controlled Assets List](#)

[DOJ Grants Financial Guide, 3.9 Allowable Costs](#)

Tools

[Equipment Disposition Request Form](#)

Supplies and other direct operating expenses

Supplies. CJD and HSGD define supplies as tangible personal property, including general office supplies and project supplies, with a per-unit cost of less than \$5,000, unless the grantee agency chooses to capitalize the item, in which case it would be considered equipment.

Other Direct Operating Expenses. This budget category also includes other direct costs such as leases for space, rental costs, advertising costs for staff vacancies, etc.



References

[1 TAC §3.83, Supplies and Direct Operating Expenses](#)

[2 CFR §200.94, Supplies](#)

[UGMS, Part II, Attachment B, Selected Items of Cost](#)

[DOJ Grants Financial Guide, 3.9 Allowable Costs](#)

Travel and training

Travel policy. Grant funds used for travel expenses must be limited to the grantee agency's established mileage, per diem, and lodging policies. If a grantee does not have such written policies, then the grantee must use the State of Texas travel guidelines. Keep the following policies in mind:

- You must select the lowest comparable air rate. We will not reimburse for business or first class travel.
- Foreign travel requires prior approval from CJD or HSGD.
- Travel expenses must be directly related to the purpose of the grant.

Training courses. Grantees must maintain records that properly document the completion of all grant-funded training courses.

Homeland Security training. Grantees requesting to offer or attend training using Homeland Security Grant Program or Nonprofit Security Grant Program funds must receive approval from HSGD and the Texas Training Point of Contact employed by the Texas Department of Public Safety, Texas Division of Emergency Management to ensure it falls within the FEMA mission to prepare personnel to prevent, protect against, mitigate, respond to, and recover from acts of terrorism and catastrophic events and the jurisdictions Emergency Operations Plan. A Homeland Security Training Review Form must be completed to begin the review process.

References

[State Travel Guidelines](#)

[1 TAC §3.79, Travel and Training](#)

[2 CFR §200.472, Training and Education Costs](#)

[2 CFR §200.474, Travel Cost](#)

[UGMS, II, Attachment B, 42, Training](#)

[UGMS, II, Attachment B, 43, Travel costs](#)

[DOJ Grants Financial Guide, 3.9 Allowable Costs](#)

Tools

The Homeland Security Training Review Form can be found in eGrants by going to the eGrants home page > Updates > Forms

Indirect costs

Allowability. Some funding sources allow for indirect costs in accordance with applicable state and federal guidelines. Indirect costs must be approved in the Statement of Grant Award.

Approved rates. If the applicant has an approved indirect cost rate from either their federal or state cognizant agency and wishes to charge indirect costs to the grant, the applicant must identify the indirect cost rate and provide the cognizant agency's letter approving the rate, including any information needed to understand the basis for the rate.

De minimis rate. If the applicant has never received a federally recognized or state approved indirect cost rate, CJD or HSGD may approve indirect costs in an amount not to exceed ten percent of the approved modified total direct costs (MTDC).

References

[1 TAC §3.85, Indirect Costs](#)

[2 CFR §200.414, Indirect \(F&A\) Costs](#)

[UGMS, Part II, Attachment A, Section F, Indirect Costs](#)

[DOJ Grants Financial Guide, 3.11 Indirect Costs](#)

Calculating MTDC

Budget item		Amount
Personnel costs		\$
Travel and employee training	+	\$
Supplies and direct operating expenses	+	\$
Rental costs (including space)	-	\$
Participant support costs (stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees, but not employees.)	-	\$
Each subcontract or sub-award OR \$25,000 for each, whichever is less	+	\$
Modified total direct costs	=	\$

Program income

Definition. CJD and HSGD define program income as gross income generated by an activity supported by a grant. Such activities are most commonly participant fees.

Treatment of program income. Earned program income must be added to the approved budget through a grant adjustment and reported as expended in a financial status report prior to expending OOG-funds.

Use of income. Program income may only be used for allowable project costs as reflected in an approved grant budget. There are three methods for accounting for program income:

- **Deduction.** Program income is deducted from total allowable costs by reducing both OOG award amount and any grantee match in proportion. Grantees must use this method unless a different method is approved by OOG and documented within eGrants.
- **Addition.** Program income is added to the total project costs and must be used for the purposes and under the conditions of the grant.
- **Cost sharing or matching.** Program income is used to meet the cost sharing or matching requirement of grant.

References

[1 TAC §3.87, Program Income](#)

[2 CFR §200.80, Program Income](#)

[2 CFR §200.307, Program Income](#)

[UGMS, Part III, Subpart C, .25, Program income](#)

Grant adjustments - process

Nature of adjustments. Adjustments are generally intended to respond to unexpected events and changes that affect grant projects. Grantees should attempt to anticipate, plan, and budget for costs in their grant application. Adjustments requested in the last 30 days of a project period will receive special scrutiny.

Initiating an adjustment. The project director, financial officer, or authorized official may submit requests for grant adjustments through eGrants. Adjustments are subject to approval by CJD or HSGD, and grantees who expend funds prior to approval do so at their own risk – they are not guaranteed for reimbursement.



References

[1 TAC §3.2501, Grant Officials](#)

[1 TAC §3.2513, Grant Adjustments](#)



Tools

To submit a grant adjustment request go to [eGrants](#) then click on the Budget tab and then the 'Request Adjustment' sub tab.

Grant officials can update their individual phone numbers, addresses, title and position on the My.Profile tab in egrants. This action does not require a grant adjustment.

[eGrants Video: Make Changes Using the Grant Adjustment Process](#)

Grant adjustments - prior approvals

Types of adjustments. The following changes to your grant require advance approval from CJD or HSGD via an adjustment request in eGrants unless the cost was approved in the award:

- **Officials.** A new project director, financial officer or authorized official.
- **Identifying Information.** A change to the agency name, project title or address.
- **Scope.** Any change to the project's approved scope or objective
- **Grant Period.** A change to the grant end date.
- **Budget changes.** Deviations to the approved project budget that would cause the actual expenditures to vary from the approved budget in amount that exceeds 10% of the total OOG budgeted amount; the addition of new line items; or any deviations to the following (regardless of actual expenditure):
 - **Equipment.** Any increase in the quantity or expenditure amount.
 - **Indirect Costs.** Any change in the rate or increase in the expenditure amount.
 - **Consultants.** Any consultant rate that exceeds \$650 per day or \$81.25 per hour.
 - **Foreign travel.** All travel outside of the United States.
 - **Confidential funds.** Any funds to be used by law enforcement to pay confidential informants, purchase evidence or specific information, or related services.
 - **Program income.** A change to add earned generated program income (GPI) to the approved budget.

References

[1 TAC §3.2501, Grant Officials](#)

[1 TAC §3.2513, Grant Adjustments](#)

[2 CFR §200.407, Prior Written Approval](#)

[UGMS, Part III, Subpart C, .30, Changes](#)

4. Monitor

CJD & HSGD monitoring

Overview. The Office of the Governor has oversight responsibility for the grants it awards. Monitoring may consist of programmatic reviews, financial reviews, technical assistance, or formal audits commissioned by CJD, HSGD or the Office of Compliance and Monitoring (OCM) within the Office of the Governor. CJD, HSGD, or OCM may conduct monitoring through an on-site review at the grantee's location or through a desk review.

Documentation and inquiries. CJD, HSGD, or OCM may request grantees to submit information needed to conduct a monitoring review. Grantees must make available all records relevant to a monitoring review. Inadequate documentation may result in disallowed costs or other remedies for noncompliance.

Follow up. After a monitoring review is complete, the grantee will receive either a preliminary report or a final report. If a preliminary report is issued, it will outline identified findings along with recommendations to resolve the findings.

Response. For monitoring reviews conducted by CJD or HSGD, the grantee must complete any required actions within the timeframe specified in the report. For financial reviews conducted by OCM, the grantee must respond to the preliminary report with a management response that addresses the finding(s) included in the report. This management response must be provided to the monitor within the timeframe specified in the report. A corrective action plan shall include:

- the titles of the persons responsible for implementing the corrective action plan;
- the corrective action to be taken; and
- the anticipated completion date.

Disagreement. If the grantee believes corrective action is not required, the management response must provide an explanation of the specific reason(s). CJD, HSGD or OCM will determine whether the response is adequate.

Final report and resolution. The grantee's management response and the approved corrective action plan will become part of the final report. The grantee shall resolve all identified findings within the time specified by CJD, HSGD or OCM.

References

[1 TAC §3.2601, Monitoring](#)

[1 TAC §3.2525, Evaluating Project Effectiveness](#)

[1 TAC §3.2529, Grant Management](#)

[2 CFR § 200.331\(d\)-\(f\), Requirements for pass-through entities](#)

[2 CFR §200.338, Remedies for noncompliance](#)

[UGMS, Part III, Subpart C, 40. Monitoring and reporting program performance](#)

[UGMS, Part III, Subpart C, 43. Enforcement](#)

Grantee monitoring

Grant and sub-award monitoring. Grantees have their own monitoring responsibilities. They must:

- Regularly evaluate their projects;
- Monitor the day-to-day operations of grant and sub-award supported activities, including those of their contractors and subcontractors;
- Develop and maintain a standardized monitoring program incorporating best practices; and
- Maintain written documentation supporting monitoring conducted by the grantee in their project files for inspection during a CJD, HSGD or OCM monitoring review.



References

[1 TAC §3.2601, Monitoring](#)

[1 TAC §3.2525, Evaluating Project Effectiveness](#)

[1 TAC §3.2529, Grant Management](#)

[2 CFR §200.328\(a\), Monitoring and reporting program performance](#)

[UGMS, Part III, Subpart C, 40. Monitoring and reporting program performance](#)

Single audits

Requirement.

- Grantees that expend \$750,000 or more in combined federal grant funding, during the entity's fiscal year, or \$750,000 or more in combined state grant funding, during the entity's fiscal year, must submit a Single Audit reporting package.
- All other grantees who are not required to have such an audit for any fiscal years in which the OOG award was made or expended, must certify this fact to the Office of Compliance and Monitoring (OCM). A Certification of Single Audit Reporting Requirement Exemption form is available on the eGrants website and must be submitted within 60 days of the end of the grantee's fiscal year.

Reporting. Grantees required to perform a Single Audit must submit the required Single Audit reporting package within 30 calendar days of receiving the Single Audit report from the independent auditor or 9 months after the end of the audit period, whichever is earlier.

- For grantees expending \$750K or more in federal grant funds: reporting documentation must be submitted to the Federal Audit Clearinghouse at <http://harvester.census.gov/sac/>.
- For grantees expending \$750K or more in state grant funds: reporting documentation must be submitted to the Governor's Office of Compliance and Monitoring (OCM) at OCM-FMU@gov.texas.gov.

References

- [1 TAC §3.2603, Audits Not Performed by CJD, HSGD, or OCM](#)
- [2 CFR 200, Subpart F-Audit Requirements](#)
- [UGMS IV.B. .200- .205 Audit requirements](#)
- [UGMS IV.C. .300 Auditee responsibilities.](#)

Tools

- [Certification of Single Audit Reporting Requirement Exemption Form \(select appropriate FY under Single Audits, Threshold Certification\).](#)

Other audits

Other audits. All other audits performed by auditors independent of CJD, HSGD, or OCM must be maintained at the grantee's administrative offices and be made available upon request.

Audit Confirmation Letters. Requests for confirmation of grant payments from the OOG (audit confirmation letters) should be sent to the OOG Financial Services Division (FSD).

Requests via email are preferred and should be submitted to: Tegan.Vought@gov.texas.gov

If email is not feasible, requests may be made in writing to the following address:

Office of the Governor
Attn: FSD/Tegan Vought
P.O. Box 12878
Austin, TX 78711-2878

Adverse findings. Grantees must notify CJD or HSGD of any audit results that may adversely impact grant funds.

References

[1 TAC §3.2603, Audits Not Performed by CJD, HSGD, or OCM](#)

[2 CFR 200, Subpart F-Audit Requirements](#)

[UGMS IV.B. .200-.205 Audit requirements](#)

[UGMS IV.C. .300 Auditee responsibilities.](#)

Tools

[Certification of Single Audit Reporting Requirement Exemption Form \(select appropriate FY under Single Audits, Threshold Certification\).](#)

Fraud, waste, and abuse

Most common types of fraud. Most cases of fraud fall into one of these categories:

- **Conflict of interest.** No one involved with a grant can participate in any decisions, approvals, disapprovals, recommendations, decisions, or other action if it concerns or benefits family members, a partner, any organization they serve in an official capacity, or any organization they are considering employment with.
- **Failure to Properly Support the Use of Award Funds.** Typical issues involve deliberate redirection of funds in a manner different from the purpose outlined in the award agreement or failure to adequately account for, track, or support transactions.
- **Theft.** This is the most common issue. Keep in mind that people who embezzle funds can be extremely creative, while often appearing very trustworthy. These abilities are precisely why they can do so much damage to an organization and remain undetected for extended periods of time. Poor or no internal controls provide an opening for theft. A lack of proper separation of duties is one of the most common weaknesses.
- **Criminal or licensing violations.** While not as common as other types of fraud, failing to report a criminal or licensing violation by an employee, officer, contractor, or anyone with an official relationship with the grantee, is a form of fraud. Any grantee who becomes aware of such an investigation by a law enforcement agency or state or federal licensing agency must disclose it immediately.

Mandatory disclosures. Grantees and applicants must immediately disclose, in writing, to CJD and/or HSGD all violations of federal or state criminal law involving fraud, bribery, or gratuity violations potentially affecting the grant award. Failure to make required disclosures can result in grant sanctions including termination of the award.

References

[DOJ Grants Financial Guide, 3.20 Grant Fraud, Waste, and Abuse](#)

[2 CFR §200.113, Mandatory Disclosures](#)

Reducing risk

Reduce the risk. There are several things that you can do to reduce the risk of fraudulent use of your grant funds:

- **Controls.** Examine your operations and internal controls to identify your fraud vulnerabilities. Maintain a well designed and regularly tested system of internal controls.
- **Education.** Implement specific fraud prevention strategies including educating others about the risks. The more people are aware of the issues, the more they can help prevent problems or detect them as early as possible.
- **Documentation.** Ensure all financial or other certifications and progress reports are adequately supported with appropriate documentation and evidence.
- **Conflicts of Interest.** Identify any potential conflict-of-interest issues and disclose them to the awarding agency for specific guidance and advice.
- **Fair procurement.** Follow a fair and transparent procurement process, especially when using consultants. Ensure that the rate of pay is reasonable and justifiable, and that the work product is well-defined and documented.



References

[DOJ Grants Financial Guide, 3.20
Grant Fraud, Waste, and Abuse](#)

5. Close

Liquidation

Liquidation period. The liquidation date is specified in an original grant award or a subsequent grant adjustment (generally 90 days after the end of the project period).

Liabilities. Grantees must expend all outstanding liabilities no later than the liquidation date. All payments made after the completion of the grant period must relate to obligations incurred during the grant period.

Financial reporting. The liquidation date is the final date you can report expenses that were obligated during the grant period. A required Final FSR is due in eGrants on or before the grant liquidation date. Failure to submit a Final FSR by the liquidation date will result in the Governor's Office holding reimbursement for all grants to your agency.

Deobligation. Funds not obligated by the end of the grant period and not expended by the liquidation date will revert to CJD or HSGD.

References

[1 TAC §3.2521, Payment of Outstanding Liabilities](#)

[1 TAC §3.2507, Financial Status Reports](#)

Tools

The grant start date, end date and liquidation date can be found on the eGrants "Profile-Details" tab or the header of each tab in eGrants.

To submit an FSR, go to [eGrants](#) and from the My Home tab click on the grant record, then choose the Budget tab and click on the Financial Status Report sub tab.

Closing the grant

There are several steps needed to close your grant:

Final progress report. Submit your final progress report. Once your report has been approved by CJD or HSGD, your grant will be considered programmatically closed.

Final FSR. Once you have expended all obligations, submit the final FSR that includes all cumulative expenses incurred under the grant. This report can be submitted at any time but must be submitted by the liquidation date.

Generated program income (GPI). If the grant project earned program income, the final FSR must demonstrate that all budgeted GPI has been expended or returned to CJD or HSGD. If you have earned program income that is not reflected in the approved budget, you must initiate a grant adjustment to add the additional GPI before submitting your final FSR. If the program income exceeds the amount of CJD- or HSGD-funded line items, you will be required return the balance.

Equipment use. In your final FSR, for each piece of equipment purchased with a current fair market value of \$5,000 or more, let CJD or HSGD know how the agency plans to use the equipment or the process planned for disposal if the item is no longer operational or needed for similar purposes. CJD or HSGD may request additional information or direct the grantee to take further action, including requiring a grantee to transfer equipment to another agency. Equipment with a current fair market value of less than \$5,000 may generally be retained by the grantee agency.

Outstanding findings. All outstanding findings or corrective active plans from financial or programmatic monitoring must be resolved.

References

[1 TAC §3.2527, Grantee Reports](#)

[1 TAC §3.2525, Evaluating Project Effectiveness](#)

[1 TAC §3.2529, Grant Management](#)

[1 TAC §3.2509, Equipment Inventory Reports](#)

[1 TAC §3.2507, Financial Status Reports](#)

[2 CFR §200.313, Equipment](#)

[2 CFR §200.327, Financial reporting](#)

[UGMS, Part III, Subpart C, .41 Financial Reporting](#)

[eGrants Financial Management Guide](#)

Tools

To submit an FSR, go to [eGrants](#) and from the My Home tab click on the grant record, then choose the Budget tab and click on the Financial Status Report sub tab.

Records retention

Core requirement. Grantees must maintain all financial records, supporting documents, statistical records, and all other records pertinent to the award for at least three* years following the closure of the most recent audit report or submission of the final financial status report if the audit report requirement has been waived. Grantees may retain records in an electronic format. All records are subject to audit or monitoring during the entire retention period.

Equipment. Grantees must retain records for equipment, non-expendable personal property, and real property for a period of three years from the date of the item's disposition, replacement, or transfer.

Further actions. If any litigation, claim, or audit is started before the expiration of the three-year records retention period, the grantee must retain the records under review until the completion of the action and resolution of all issues which arise from it or until the end of the regular three-year period, whichever is later.

*Grantees receiving an award between 9/1/15 and 8/31/16 are required to maintain records for a period of seven years as stated within the grant conditions for those awards.



References

[1 TAC §3.2505, Retention of Records](#)

[2 CFR §200.333, Retention requirements for records](#)

[UGMS, Part III, Subpart C, .42 Retention and access requirements for records](#)